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SUBJECT: RUSSIA INCREASES ECONOMIC ACTIVITY IN LATIN AMERICA

1. (SBU) Summary: Russia's intensified interest in Latin America stems largely from economic opportunity, while serving to reinforce its multi-polar concept of foreign policy. Following the Georgian conflict, Russia has increased its activity in the region in order to highlight its ability to extend its reach into the "U.S. backyard." In meetings held with Latin American officials during the 63rd UNGA and afterwards in Moscow, the GOR emphasized its geo-strategic interest in fostering and improving economic and political relations with this region, despite its geographical remoteness from Russia. Subjects in these meetings ranged from economic-trade relations, military-technical cooperation, space technology, drug trafficking and terrorism, and discussions on ways to strengthen political dialogue and cultural ties. New arms deals with Venezuela continue to be reported in the Russian press, but to date no new contracts have been signed. End Summary.

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Bolstering Economic Ties a Top Priority for Russia  
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2. (SBU) Director of the Latin American Institute of the Russian Academy of Sciences Vladimir Davidov told us that opening Latin American markets for Russian business is GOR's top priority in Latin America. Russia sees great potential for expanding economic relations with Latin America, despite the challenge of geographical distance between the two regions. Davidov argued that Brazil is the most important Russian interest in Latin America, and the GOR labeled Brazil its "key trading partner" in the region with trade reaching USD 5 billion in 2007, according to Russian statistics. At the UNGA on September 27 Lavrov met with Brazilian Foreign Minister Celso Amorim, and stressed Russia's interest in maintaining its strong ties with Brazil, and on October 3 Lavrov and Brazilian Foreign Minister Celso Amorim released a joint article in the Russian newspaper Rossiskaya Gazeta. In the article the two ministers discussed the Russian-Brazilian friendship and "strategic partnership." They emphasized the two countries' growing relationship in the areas of trade, technology, space, and cultural cooperation. Russia also re-iterated its support of Brazil's candidacy for a permanent seat of a reformed U.N. Security Council.

3. (U) Russia's second most important partner in Latin America is Argentina. Trade between the two countries reached USD 1.4 billion in 2007. Argentine FM Taina led a delegation that included businesspeople and met with Deputy Minister Denisov in order to further develop trade relations. Similarly, Lavrov and Mexican FM Patricia Espinosa Cantellano discussed ways to diversify their trade basket to boost trade relations between the two countries during her visit to Moscow October 7-9. Both ministers recognized that the current trade relationship was far below its potential, reaching only USD 700 million last year. While Russia speaks of increasing trade with Latin America, Russia's current economic ties prove to be less substantial than the GOR would like, and no concrete economic deals were reached during these meetings.

4. (U) During the UNGA, Lavrov met separately with foreign ministers of Cuba, Colombia, Nicaragua, and Venezuela. Lavrov met jointly

with three foreign ministers of the Rio Group: Mexico, Chile, and the Dominican Republic as well as BRIC foreign ministers in New York. While these meetings focused on increasing economic-trade relations with Russia, Lavrov stressed Russia's interest in strengthening bonds with its Latin American counterparts as part of its multi-polar world vision, and as a means to counter global issues like the current international financial crisis.

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Strategic Partnerships and Space Diplomacy  
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¶15. (U) In their joint article Brazilian FM Celso Amorino and FM Lavrov noted mutual interest in maintaining space cooperation. No new military or space cooperation plans were noted, however. Last spring the two countries reached an agreement to develop a family of launch vehicles for Brazil as part of Brazil's Cruzeiro de sul (Southern Cross) program. Russian-Brazilian technological cooperation is a lucrative collaboration for Russia, and serves Brazil's long-term goal of building its own space program.

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Venezuela and Bolivia  
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¶16. (U) Russian media continue to report on new arms deals with Venezuela. On October 7 General Director of Rosoboronexport, Anatoli Isaikin, told the press his company would enter into talks with Venezuela, and on October 15 press reports indicated that Rosoboronexport may sign a contract to send a shipment of BMP-3 armored vehicles to Venezuela next month. In reference to Russian-Venezuelan arms cooperation, Lavrov told Rossiskaya Gazeta on October 7 that Russia was not aligning itself militarily against anyone, and was cooperating on the basis of international law.

¶17. (U) Russia will host an inter-governmental commission with Venezuela October 27-29, which will serve "to facilitate increasing cooperation and implementation of major joint initiatives," according to the GOR. During their meeting in Moscow, Lavrov and FM Moros also discussed setting a date for proposed visits of Medvedev and Putin to Caracas, with Medvedev possibly travelling to Venezuela in November, according to recent press reports. This visit could possibly coincide with upcoming Russian-Venezuelan joint naval exercises to be held in November (septel).

¶18. (U) On October 2 press reports indicated that Bolivia plans to purchase 5 Russian civil defense helicopters, although a price for the aircrafts has not been set. Bolivia claims these aircraft would be utilized for flood relief efforts, according to press reports. Russia's ambassador to Bolivia Leonid Golubev told the press that he would like Russian-Bolivian relations to "approach the level of its partnership with Venezuela." Golubev also confirmed Russia's interest in showing the U.S. that "Latin America is not their backyard."

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Re-Connecting With Old Friends  
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¶19. (SBU) In his meeting with Nicaraguan Foreign Minister Samuel Santos Lopez, Lavrov expressed gratitude for the Nicaraguan decision to recognize the independence of South Ossetia and Abkhazia. According to Davidov, this decision is easily explained given Nicaragua's previous relationship with the former Soviet Union. During the Cold War, Nicaragua received economic support from the U.S.S.R. and Davidov noted that some states still see the "Soviet Union" when dealing with Russia, especially someone like President Ortega. He thought it was likely that Nicaragua would leverage its recognition of South Ossetia and Abkhazia to get Russian assistance in receiving gas, possibly from Venezuela.

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Comment  
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¶10. (SBU) While building stronger economic ties with Latin America remains at the heart of Russian interests in the region, the GOR's increased political outreach to countries like Cuba, Venezuela,

Bolivia, and Nicaragua reinforces its effort to pitch its multi-polar concept of foreign affairs.